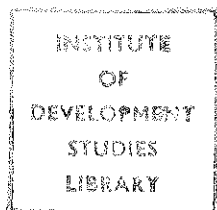


Executive Capacity as a Scarce Resource

by

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## INTRODUCTION

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R. Chambers.

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### Note

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Robert Chambers wrote this paper while he was a lecturer in the Department of Politics at Glasgow University. From 1958-1962 he served the Kenya Government as an administrative officer in rural areas. Later he became a lecturer at the Kenya Institute of Administration, then a Research Officer with the East African Staff College. He is now a Fellow of the Institute of Development Studies, and engaged in research in rural agricultural administration in Kenya and Bihar, India and based at the Institute for Development Studies in Nairobi.

## Executive Capacity as a Scarce Resource

by

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The literature of Development is well-seasoned with references to public administration as a bottleneck.<sup>1</sup> Delays, inefficiencies, shortages of properly prepared projects, inadequate or inaccurate information, failures to draw down funds allocated for public sector expenditure - these are often remarked upon and blamed for disappointing performance. Those involved tend to assume that there is something wrong that needs to be corrected, and the positive approaches of manpower planning, training, administrative reforms and technical assistance are invoked and brought to bear. The bias of advice and policy is constructive: the administrative machine must be made able to do whatever it is thought desirable that it should do. Obviously, this is a necessary attitude, even though, with the partial exception of technical assistance, the process typically takes a long time.

There is, however, another, neglected, approach which could supplement these traditional measures. If the executive capacity - the capability of getting things done - of the government bureaucracies of poorer countries is a severe constraint on development, then there would seem to be an a priori case for treating it as a scarce resource and subjecting it to the attitudes implicit in the techniques - rationing, testing for consistency of use, unit costing, shadow-pricing, and so forth - employed with other scarce resources; in short, a case for being careful and sparing in its use.

This seems so obvious that it has to be asked why this approach receives so little attention. There appear to be three particularly potent reasons. The first is technical. Executive capacity is difficult to measure. To be sure, trained manpower can be counted, but bureaucratic performance is related not just to stocks of manpower but also to organisational, motivational, social and economic variables which are difficult to quantify. In so far as planners are committed to mathematical procedures they are liable to be drawn away from giving due weight to unquantifiable factors, executive capacity among them.

The second reason concerns the politics of organisations. Neither a donor agency nor a recipient organisation has a direct interest in considering executive capacity as a limited resource from the recipient's national point of view. Their immediate interests are narrower - the success of the projects or programmes they are promoting, evaluated largely in isolation from the total national environment. Together, the donor agency and the recipient ministry or department may contrive to attract scarce able administrators to their projects and programmes without weighing the indirect costs of removing them from other posts or the greater benefits that might derive from their deployment elsewhere. To consider a rational allocation of able men, would, in these circumstances, be to reduce the chances of project or programme success and therefore to undermine the donor, recipient and project organisations.

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<sup>1</sup> For an authoritative exposition, see Albert Waterston, Development Planning, Lessons of Experience, Baltimore, Maryland, The Johns Hopkins Press, 1965, especially pp. 249-292.

The third reason is diplomatic. A donor may fear that to draw attention to limited executive capacity would give offence, and be taken as implying that the recipient country lacks the ability to handle its affairs; and for a recipient to refer to it might be regarded as damaging to national pride.

These technical, organisational, and diplomatic factors, while going some way towards explaining why executive capacity has been neglected as a scarce resource, also serve as a warning. Since they can be expected to continue to operate in the future, it is all the more important that this subject should be explored and the policy implications stated. What follows is based partly on the insights of others,<sup>1</sup> but is still at an elementary level of analysis. The approach used is to assume, first, that for the time being executive capacity is a fairly inelastic scarce resource and, second, that the unit of account should be the national economy of a less developed country and not just a particular project or programme. With these two premises, four complementary prescriptive points can be made.

#### I. Checking Consistency Between Demands on Administration

It is easy to assume that if demands on personnel and organisations are increased, so their output will increase. But for each individual and organisation, output is finite, and beyond a certain pressure output may drop, through a combination of overwork and demoralisation. The imposition of an extra task on a person or organisation may, thus, often lead to a failure to perform other tasks. In such a case, the cost of losses through failure to perform those other tasks is part of the true cost of the performance of the new task.

This may be illustrated by an example from Tanzania. Following a successful pilot project in one part of a region, the agricultural extension staff throughout the whole region were to have been concentrated on a campaign to persuade farmers to plant their cotton early. On the basis of the pilot programme, considerable increases in production and farmer incomes were anticipated. Before this could occur, however, tractors arrived as part of an aid project and the extension staff were diverted full time to mechanisation. The early planting programme had consequently to be abandoned. The mechanisation project, costed on its own, turned out to be of doubtful value; but when the loss of additional production from foregoing the early planting campaign was added, the tractors could be seen to have had a strongly adverse effect on economic development. Had the administrative implications of the tractors been considered at the time of aid negotiation, they might never have been accepted, with a net gain in production for Tanzania.

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<sup>1</sup>Particularly C. S. Gray, "Development Planning in East Africa: A Review Article," *The East African Economic Review*, Vol. 2 (New Series), No. 2 December 1966, pp. 1-16; Guy Hunter, "Development Administration in East Africa," *Journal of Administration Overseas*, Vol. 6, No. 1 January 1967, pp. 6-12; D. G. R. Belshaw, "Agricultural Extension, Education and Research," in G. K. Helleiner, ed., *Agricultural Planning in East Africa*, Nairobi, East African Publishing House, 1968, pp. 57-80; and Gustav F. Papanek, "Changes in Aid Strategy," *Confrontation: The First Development Decade - a Review, the Second Development Decade - a Preview* (mimeo), Vienna Institute for Development, June 1968. The term "executive capacity" has been borrowed from the writings of C. S. Gray.

The moral is that before policies are adopted they should be tested for consistency between the demands they make on administration. Part of the preliminary evaluation of a project or programme should, thus, include an assessment of its effects on the administration of other projects and programmes. Unfortunately, the immediate interests of donor and recipient organisations are usually in the success of a project or programme regardless of the damage it may inflict on existing ones. In the present state of the art it would be surprising, though laudable, if, in feasibility studies, project evaluations and even national economic planning, adequate precautions were taken to avoid administrative inconsistency. Yet, particularly with increasing aid to agriculture, and with each agency trying to promote its own policies, there is a danger of a succession of programmes imposing heavy and incompatible loads on staff.

## II. Restraining Demands for Information

Aid donors and planners commonly place a heavy burden on administration through demands for information. Donors need data to be able to convince critics at home that their aid is being well applied, and planners are professionally hamstrung without statistics. Regarded in isolation, and without considering the full implications, a good case can often be made out for more detailed surveys and more elaborate compilations of information before a project is considered and approved, and then later for frequent reports on its progress. Feasibility surveys and performance returns have such obvious payoffs - in establishing project viability, in alerting staff to considerations they might otherwise have missed, in contributing to the personal development of officials, in maintaining efficiency, and so on - that they can appear to be automatically beneficial.

But, of course, it is notorious that information is not costless. In the central governments of developing countries, senior civil servants are often subject to many important competing demands on their time. When a visiting mission requests information for a survey of the economy, the invisible but real cost to the country in terms of activities not performed by the civil servants who have to provide the information may be very high. As Papanek has forcefully pointed out, the desirability of bilateral aid is diminishing as a result of increasing controls over aid expenditure by donors stemming from the need to satisfy domestic critics of aid.<sup>1</sup> Followed along the chain of causation, the true cost to a recipient of a hostile question about aid in a donor's legislature may be substantial if the result is a demand for stricter and more detailed returns.

Similarly, for the field administrations of developing countries, the true costs of requests for information may be very high. It may take a planner only five minutes to draft a circular asking for crop acreage figures, but it may take many thousands of man-hours to provide them. In one case in Tanzania had the agricultural field staff been put onto providing for the planners all the information they required, they would have had scarcely any time for their other, more directly productive activities. One may wonder, too, at the costs, in terms of alternative activities foregone, of such an enterprise as the World Indicative Plan for Agriculture compiled by FAO on the basis of information requested from the already over-burdened administration.

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<sup>1</sup> Papanek, op. cit., pp. 4-7.

of the countries of the developing world. The costs of information can, indeed, go beyond the simple diversion of staff from other activities: the demoralisation of agricultural extension staff so often found in the poorer countries can be attributed partly to the flood of instructions and poorly articulated demands for information which flow out successively from capital cities.

The moral is that donors, planners, and civil servants in the less developed countries should all be self-critical before they ask for facts. It is an old gibe that planners are prepared to cost anything but planning itself; but neither their activities nor those of aid donors deserve immunity from stringent evaluation. Before they request information they should ask themselves these questions: first, whether the information already exists (for instance, has another aid agency recently compiled information on the state of the economy?); second, whether the information is likely to be accurate enough to be usable; third, whether, once collected, it will in fact be used (self-deception on this point being particularly easy); and fourth, whether from the point of view of the poorer country's national development the expected benefits from the information justify the costs of obtaining it, and particularly the costs in terms of the loss of the benefits of alternative staff activities.

### III. Weighing Indirect Administrative Costs

Most projects have indirect costs of an administrative nature. They frequently make demands on existing government organisations which provide them with subsidised services. Perhaps more important, they require coordination with existing organisations, entailing correspondence and meetings with officials who are often already over-burdened. Indeed, there is a seductive danger of a cult of meetings which coordinate without deciding and which, in the meantime, consume much time and energy. Coordination, like planning, sounds like a self-evident good; but like planning it has high administrative costs. It may sometimes be cheaper to accept some of the mistakes which follow from less coordinated but more timely and vigorous action.

There may also be high costs arising from the transfer of staff to new projects. Often such costs are reckoned in terms of direct financial expenditure on salaries, allowances, and so forth, but there is an obvious and strong case for shadow-pricing to take account of their opportunity costs in terms of benefits foregone from the alternative activities they might have carried out. This is especially crucial in agriculture, where middle-grade staff are often diverted from the less visible activities of agricultural administration in an extension service to more visible activities, usually in site-bound projects such as settlement schemes, state farms, and irrigation undertakings. If these projects were costed in terms of production foregone from not deploying the staff elsewhere in other ways, and in terms of the disruption caused by their translation from other organisations, then they might emerge as much less favourable investments than they are usually allowed to appear.

These arguments bear on Albert Hirschman's thesis of the Hiding Hand,<sup>1</sup> according to which habitual under-estimation of the difficulties of a project is offset by habitual underestimation of the creativity which can be mustered to overcome them. For, looked at closely, much of this creativity may be revealed as quite simply diversion of administrative resources from other parts of the national economy and administration. Creativity sounds, but is not, costless. Its costs, however, tend to be concealed or ignored because both for the aid agency and for the local project organisation the unit of account is the project and not the national economy. The forms taken by creativity in practice include not only hidden subsidies and fiscal protection but also increased demands on government departments and poaching of staff from other organisations which may consequently be critically weakened. The result may be that the aid agency can show that the project has been a success when considered, as it tends to be, in isolation, and by conventional cost-benefit criteria. But the receiving country as a whole may be a net loser. Only rarely can projects which emerge as "successful" after overcoming major difficulties have been as beneficial as they are allowed to appear.

The moral is that the indirect administrative costs of projects and programmes, including the likelihood of having to meet the costs of "creativity," should be taken into account in pre-investment evaluations.

#### IV. Preferring Administration-Sparing Policies

There are wide variations between the administrative demands of different approaches to development, particularly in agriculture. If, for instance, a new seed variety is self-propagating and does not require intermittent renewal or additional inputs, its dissemination has low and temporary requirements in administration: once farmers are growing it they will sell it to other farmers and it will spread itself without further official intervention.<sup>2</sup> Not only are administrative demands low, they are also temporary, releasing staff for other tasks later. In contrast, approaches which involve the introduction of officially administered cultivation systems - tractor hire services, cooperative production farming, state farms, or controlled irrigation systems, for instance - tend to make heavy demands on administration which also tend to persist. Often the commitment of government to providing services and controls is virtually irreversible. Not only are risks compounded by this irreversibility, since abandonment is difficult, but decisions about future deployment of personnel are pre-empted, reducing flexibility in future policy-making.

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<sup>1</sup> As elaborated in Albert O. Hirschman, Development Projects Observed, Washington. The Brookings Institution, 1967. Hirschman also describes concealed benefits from projects, and these should of course also be taken into account.

<sup>2</sup> Some new seed varieties require renewal and additional inputs, and so become administration-intensive and administration-persistent. See J. Veera Raghavan, "Administrative Aspect of Improved Seed Programme," The Indian Journal of Public Administration, Vol. 3, No. 3, July-September 1967 (Special Number on Administration of Food Production), pp. 511-521. The implication is that seed breeders should select for varieties which will be relatively administration-sparing.



The question of the relative administration-intensiveness and administration-persistence of different types of projects and programmes deserves much more careful and perceptive analysis than can be attempted here. For instance, it is important to ask whether the policies which are most attractive to donors and recipients may not often be those which made relatively high and lasting demands on administration. Certainly the preference of donors for projects which involve capital goods, and the preference of recipients for projects which are bounded, visible and easy to exhibit and inspect, may exert a bias towards a requirement for high-level manpower and persisting administration. Similarly, the capital content of more dispersed programmes may exert a bias towards heavier and more lasting administrative demands. In agriculture, for example, rural credit or the introduction of tractor services may have particularly intensive and persistent administrative requirements which are the easier to ignore because of the effort of imagination required to regard the time and energy of the junior staff who would have to carry them out as a scarce resource.

These questions must remain open, and invite research. But whether or not there is, in aid, a bias away from policies which make low and temporary demands towards those with high and lasting demands, the main point stands. Where executive capacity is scarce, preference should be given, other things being equal, to policies which are administration-sparing, both in the intensity and in the persistence of their requirements.

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Now that the Pearson Commission on international aid is taking a fresh hard look at policies and performance to date, it would be timely for these four complementary points to be examined in much more detail than has been done here. It is all too easy to call for more research, and research on public administration in the poorer countries itself makes demands on administrative resources and is therefore subject to these very same criteria. But if the burden of the argument presented above is sound, then a very high priority for research should be the comparative administrative demands of different development projects and programmes.

This is particularly urgent because of the enthusiastic attention being paid to agriculture and the rural sector, with the World Bank, other multi-lateral agencies, and national donor organisations all attempting to step up assistance to rural development. For rural development is by its nature biased towards the use of the normal field administrative and technical services of a government, and these may have particularly inelastic executive capacity. It is relatively easy, as the World Bank often does, to insist on the setting up of a semi-autonomous agency to operate a project and then to apply influence and assistance to ensure that it operates fairly efficiently. It is far harder to assess or influence the position in a dispersed network of field agencies.

To the visiting expert or the senior government official, neither of whom may have time or inclination to stray far from the capital city except perhaps to visit one or two specially favoured projects or areas, the agricultural extension workers at the bottom of the agricultural hierarchy may be dim and remote persons whose lives and problems it is difficult or uncongenial to imagine. But a choice between, say, a campaign for timely planting on the one hand, and a long-term agricultural credit programme on the other, may have huge implications for the work and effectiveness of junior staff. In the former case,



they may be involved only in one-shot explanation and persuasion; in the latter, they may be tied for many years to an administration-intensive programme which will not only cast them in the roles of policemen and debt-collectors but also absorb a high proportion, if not all, of their time, pre-empting the possibility of introducing other programmes for as long as the credit programme continues.

It is to be hoped that the Pearson Commission and other bodies examining aid and development policies will pay close attention to executive capacity as a scarce resource. If it is not adequately weighed in development choices, then some aid policies will continue to be dysfunctional, serving to delay or inhibit rather than promote development. It would be wrong, however, to gloss over the difficulties of applying the four principles advocated above, for they imply that evaluations of aid projects and programmes should often be less favourable than they are, and this may be sensed as a threat to both donor and recipient organisations. Moreover, in so far as choosing less administration-intensive and less administration-persistent policies may mean abjuring more prestigious and visible technologically advanced and capital-using policies, it will require considerable self-restraint on the part of all concerned. But if executive capacity is not treated as a relatively inelastic scarce resource, and if at the same time the volume of official aid is stepped up, it has to be asked whether there is not a danger of sharply diminishing, indeed of negative, returns to much of the increased effort.